

**CONFLICT MANAGEMENT STRATEGIES ADOPTED BY COMMERCIAL  
BANKS IN KENYA**

**BY**

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## **DECLARATION**

This management research is my original work and has not been presented for a degree in any other university or for any other award.

**Signed** \_\_\_\_\_ **Date** \_\_\_\_\_

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## **ABSTRACT**

The purpose of the research is to establish conflict management strategies adopted by commercial banks in Kenya and to determine the challenges of conflict management faced by commercial banks in Kenya. The manager must be able to understand why and when conflict arises and in what situations conflict frequently occurs. The managers must also know the different tactics and strategies used to manage conflict and the challenges they face in managing the conflict. Descriptive research design was used in the study. The study targeted 43 banks in Kenya. Questionnaires were used as main data collection instrument in the study. Questionnaires were deemed appropriate as they ensured confidentiality of the respondents. The data collected from the field was analysed using descriptive statistical techniques such as percentages and frequencies. The findings of the study suggest that commercial banks use the strategies of accommodating, compromising, competing, collaborating and avoiding. The strategies that were most popularly used was avoiding and collaborating. The findings of the study also suggest that commercial banks face the challenge of personal differences, challenge of different faith and culture, challenge of changing environment (globalization and technology), different ways of conflict management, challenge of critical skills associated with handling difficult people and situations, challenge of competition over scarce resources, the challenge of creating structural for consensus processes, challenge of cooperative discourse and the challenge of change. The challenge that was most popularly faced was competition over scarce resources. All the banks faced all the challenges

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Conflict is a perpetual given of life, although varying view of it may be held. Some may view conflict as being a negative situation which must be avoided at any cost. Others may see conflict as being a phenomenon which necessitates management. Still others may consider conflict as being an exciting opportunity for personal growth and so try to use it to his or her best advantage. Whoever may fall on this continuum of viewpoints concerning conflict, seldom would one expect to be in a continual state of conflict as for the basis for employment. Conflict-free company has never existed and never will exist. Antagonisms, tensions, aggressions, stereotypes, negative attitudes and the frustrations of perceived conflicting need will always be present wherever men are forced to live and work together. However, conflict in organizations is a daily occurrence.

Conflict is inevitable among humans. When two or more social entities (i.e., individuals, groups, organizations, and nations) come in contact with one another in attaining their objectives, their relationships may become incompatible or inconsistent. Relationships among such entities may become inconsistent when two or more of them desire a similar resource that is in short supply; when they have partially exclusive behavioral preferences regarding their joint action; or when they have different attitudes, values, beliefs, and skills. "Conflict is the perception of differences of interests among people" (Thompson, 1998, p. 4). Another definition of conflict would be a process of social interaction involving a struggle over claims to resources, power and status, beliefs, and other preferences and desires.

The aims of the parties in conflict may extend from simply attempting to gain acceptance of a preference, or securing a resource advantage, to the extremes of injuring or eliminating opponents. (Bisno, 1988, pp. 13– 14; see also Coser, 1968, p. 232) The theme of conflict has been with us and has influenced our thinking from time immemorial. It received different degrees of emphasis from social scientists during various periods of history. Over the years the phenomena relating to conflict have fallen within the purview of the historian, the novelist, the philosopher, and the theologian, and [have] been treated systematically by authors in all of the biological and social sciences. Managing Conflict in Organizations has been investigated by the sociologist; and the struggle for survival by species of differing genetic endowments has been studied by the biologist. (Nightingale, 1974, p. 141) Scholars in organization theory became interested in studying conflict only in recent times. In recent years, there have been renewed interest and significant changes in the study of conflict in social and organizational contexts.

### **1.1.1 Conflict management**

Conflict management involves implementing certain strategies to eliminate the negative aspects of conflict, increase the positive aspects of conflict and to enhance performance and effectiveness in an organized setting. Rather than eliminating or avoiding disagreements, the purpose of conflict management is to teach groups conflict resolution skills, such as managing conflict, finding self-awareness about the types of conflict and effectively communicating while in conflict with a team member. These skills assist teams in establishing a positive outcome from conflict. The practice of recognizing and dealing with disputes in a rational, balanced and effective way, Conflict management

implemented within a business environment usually involves effective communication, problem resolving abilities and good negotiating skills to restore the focus to the company's overall goals. Conflict arises between individuals due to different styles of communication, cultural backgrounds and political and religious views. Conflict arises within groups due to disagreements between subgroups, and conflict arises between groups due to competition or rivalry.

Every business that employs people regardless of size and industry experiences interpersonal and organizational conflict. This conflict is caused by multiple inter-related variables and circumstances. For example, some of these causes include constant changes in the competitive environment, increasing diversity among employees, and limited resources. As a result of these changing variables managing conflict is important in many ways. First, it is important because unmanaged conflict can have expensive legal consequences as people seek litigation as a way to resolve disputes. Second, managing conflict is important because high level of negative conflict can cause employee dissatisfaction and expensive turnover as well as decreased productivity. Lastly, managing conflict is important because when done well it can become a catalyst for creativity and innovation as well as organizational learning. It can become a strategic advantage as a company becomes a learning organization capable of benefiting from different points of views. Employees of a learning organization feel open to express opinions and make suggestions that lead to improvements without the fear of conflict.

### **1.1.2 Banking industry in Kenya**

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector's interests. The KBA serves a forum to address issues affecting members. Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in the East African community region and Automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products.

Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. The banking sector in Kenya comprises banks that are locally owned, foreign owned, joint ventures etc. Different banks started their operations at different times and they also differ in size. Banks are classified into small, medium, and large according to the value of assets owned by each.

### **1.1.3 Commercial banks in Kenya**

Commercial banks rely heavily on deposits to fund their activities, although borrowed funds are becoming increasingly important for the largest institutions. Historically, commercial banks have concentrated on commercial or business lending and on investing

in securities. Differences between the asset and liability portfolios of commercial banks and other financial institutions, however, are being eroded due to competitive forces, consolidation, regulation, and changing financial and business technology. Indeed, in the 2000s, the largest groups of assets in commercial bank portfolios were mortgage related.

Commercial Banks and Mortgage Finance Institutions are licensed and regulated pursuant to the provisions of the Banking Act and the Regulations and Prudential Guidelines issued hereunder. They are the dominant players in the Kenyan Banking system and closer attention is paid to them while conducting off-site and on-site surveillance to ensure that they are in compliance with the laws and regulations.

Currently there are 43 licensed commercial banks and 1 mortgage finance company.

Out of the 44 institutions, 31 are locally owned and 13 are foreign owned. The locally owned financial institutions comprise 3 banks with significant shareholding by the Government and State Corporations, 27 commercial banks and 1 mortgage finance institution.

The banking system is expected to remain stable following amendments to the Banking Act that gives the Central bank powers to effectively supervise the sector. The strict enforcement of the Banking Act and prudential guidelines will continue to be pursued. Overall, recent efforts taken to ensure the stability of the banking sector are expected to facilitate a smooth functioning market based financial system. Industry overview – Kenya  
by: The Central Bank of Kenya

## **1.2 Research Problem**

Conflict management strategies refer to the specific behavior patterns one applies in conflict situations (e.g., Pruitt and Rubin 1986; Rahim 1983). In conjunction with the above, the purpose of this thesis, then, is to determine challenges of conflict management faced by commercial banks in Kenya and to establish conflict management strategies adopted by commercial banks in Kenya. The most important asset to any organization is the human resources (Halcrow, 1997). People are the most common element in every organization and they can be used to further an organization's competitive advantage (Decenzo, 1998). Conflict that is managed effectively by managers can lead to personal and organizational growth. If conflict is not managed effectively, it can hinder an employee's ability to perform and because of this, managers need to be aware of the ways in which conflict can escalate and be prepared to prevent or manage it in the workplace. The effectiveness of employees, teams and entire organization depends on how they manage the interpersonal conflict at work (Tjosvold, 1998).

Since the 1980s the commercial banks has witnessed an era of continual and dramatic change triggered primarily by global competitive pressures, enhancements in technology and a demanding customer-driven market (Ulrich, 1998). In this changing environment, the banks have to constantly adapt their activities and internal configurations to reflect the new external realities and this may bring about conflict between employees and between managers and employees. It's an era of competition in banking sectors, all banks are in pursuit to improve their services and products by according due importance to the customers. Usually, commercial banks are faced with the challenge of conflict



management. The conflict management exercise should not be seen as targeting certain individual or group of individuals but should follow certain strategies that are deemed to be objective.

Conflict resolution has a thirty to fifty year intellectual history. Some studies have been done on various aspects of conflict management, for example: Ethnic Conflict Management in Africa: A Comparative Case Study of Nigeria and South Africa by (Emmy Godwil, 2005), the effect of conflict management on bank performance, a case study of keystone bank Makurdi by (Simon, 2013), the conflict management styles and strategies of educational managers by (karen I. Fleetwood, 1987), and conflict resolution strategies and their performance model for large-scale multiagent systems by (hyuckchul jung,2003) Yet, no systematic research seems to have been undertaken to find out the strategies used by commercial banks to manage conflict. The proposed study is intended to fill this gap in knowledge.

#### *Research questions*

- What conflict management strategies do commercial banks in Kenya use or adopt?
- What are the challenges of conflict management do commercial banks face?

### **1.3 Research objectives of the study**

- i. To determine challenges of conflict management faced by commercial banks in Kenya.
- ii. To establish conflict management strategies adopted by commercial bank in Kenya.

#### **1.4 Value of the Study**

This study is focusing on commercial banks of Kenya with respect to their employees and bank managers who are working in a particular branch. This research work will be of great use to the commercial Bank knowing the best strategy to adopt in managing conflict so as to benefit both parties (employers and employees). It will also help them to learn how to recognize and benefit from their differences in the bank. And also it will determine the challenges of conflict management faced by commercial banks.

Findings of the study will also be important to students, scholars and other researchers who may be interested in understanding the management of conflict in the banking sector. The study will go a long way to increase the existing body of knowledge in the area of conflict management.

To other organizations, this study will bring up the best conflict management strategy which can be borrowed and applied to other sectors of the economy by those facing similar challenges in managing conflict.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter examines the literature about conflict management. Issues on conflict management have been critically reviewed focusing on the strategies of conflict management and challenges of conflict management.

### **2.2 Conflict management**

Conflict management is prescribed not simply as a mechanism for dealing with difficult differences within an existing social system, but also as an approach that can facilitate constructive social change towards a responsive and equitable system (Fisher 2000). Organizational conflict may occur between two individuals, within small groups and work teams, or between groups (De Dreu & Van de Vliert 1997). It is obvious that conflict is an unavoidable reality of living; but, while one may recognize this, it still does not negate the fact that conflict is difficult to define, is often viewed much differently today than it was a few decades ago, and is linked to, but is more than, communication. Perhaps because conflict is such an elusive entity, one tends to discuss it in terms of sources, types, and stages. Considering this, conflict management seems to be a concept that can be dealt with pragmatically. Much has been written about the management of conflict. A great deal of the literature is derived from the business world. In simpler terms, Huseman (1977) views conflict management as distinguishing between useful conflicts and conflicts that should be eliminated. Also, conflict management should involve the ability to develop individuals who can work under stress but continue to be productive.

Conflict management refers to the modes used by either or both parties to cope with a conflict. Adler and Towne (1990) identified three possible courses of actions when faced with a conflict: (1) accepting the status quo (i.e. living with the problem); (2) using force and mandating change; (3) reaching an agreement by negotiating. Three types of outcomes result from these approaches to conflict management: Win–Lose approach, Lose–Lose approach and Win–Win approach. Conflict management research focus is centred primarily on the conflict situation and the person–situation interaction (Knapp et al. 1988). However, there is a reason to believe that conflict behaviour is determined by both situational and dispositional influences (Sandy et al. 2000). The findings suggest that the instrument is able to differentiate between conflict management strategies. Successful conflict resolution not only removes frustration but also leads to higher effectiveness, trust and openness (Van de Vliert 1998). Deetz and Stevenson (1986) discuss a number of items which must be kept in mind when preparing for conflict management. First, the manager must try to understand the type of conflict that he or she will be dealing with. It may be a conflict of differing opinions, incompatible roles, incompatible goals, or differing resources. Identification of the type of conflict will help in managing the conflict. Second, the manager must also be aware of the importance of the conflict so as to select appropriate strategies for management. Third, the manager must recognize the complexity of the conflict as this can vary widely. Finally, the manager must also be able to assess the energy and resources available for managing the conflict.

The effective management of an organization demands the integration of providers who may vary enormously in scale and influence, who may possess contrasting cultures, and who may be dominated by professionals coming from different disciplines based upon conflicting paradigms (Bryant 2003). The presence of personal and emotional tensions – conflicts – in the organization is one dimension of organizational culture. How leaders react to problems, resolve crises, reward and punish followers is all relevant to an organization's culture. Their perspectives on power tend to influence their strategies in conflict and enhance people to work together effectively. It seems logical that the employee/relations orientation of the leader has a positive correlation with trust and a negative correlation with conflicts (Bass & Avolio 1994, Ekvall 1996). The changing and turbulent environment in which managers now operate demand from them skills and abilities to manage conflict situations towards constructive outcomes. Conflict is a massive growth industry. It is an integral part of the fabric of a postmodern society that is increasingly litigious, competitive, complex and alienating (Bryant 2003). Too little conflict results in organizational stasis, while too much conflict reduces the organization's effectiveness and eventually immobilizes its employees (Marquis & Huston 1996).

### **2.3 Challenges of Conflict management**

There are potential and a few big challenges faced in conflict management. Some of these challenges are, the first challenge of conflict management is the challenge of change where real listening and reflecting is going on; people cannot communicate without changing each other. One big challenge for conflict managers is to address people's very real fear of being persuaded through listening. Many times, when mediation doesn't work,

it is because participants have a stated intention of listening and a determined behaviour of not listening. We misunderstand that. We believe that people don't listen because of their values or other barriers. That's sometimes the case. More often, it is that people fear that what they hear will change them. People change when they identify a conflict within themselves.

The second challenge is having different ways of conflict management. Research on conflict management strategies found that there are at least about 5 strategies of conflict resolution. There is, among several others, also very comprehensive conflict resolution strategies extremely informative and very dependable for example the seven strategies of conflict management by Donna Cardillo, RN, MA. Challenge of Different faith and culture is the third. Conflict management and building bridges of understanding among people of different faiths and cultures is really a big challenge. Multiculturalism, as expressed through behaviours and attitudes, may also affect interactions and performance in today's work environment (Martin et al. 1994).

Critical skills associated with handling difficult people and situations is a challenge in conflict management because the changing and turbulent environment in which managers now operate demand from them skills and abilities to manage conflict situations towards constructive outcomes. Conflict is a massive growth industry. It is an integral part of the fabric of a postmodern society that is increasingly litigious, competitive, complex and alienating (Bryant 2003, p. 75). Too little conflict results in organizational stasis, while too much conflict reduces the organization's effectiveness and eventually immobilizes its

employees (Marquis & Huston 1996). Without the skills could be a challenge in conflict management.

Then there also a challenge of Competition of scarce resources. Scarce resources in an organization could pose be a big challenge too because employees compete for those scarce resources causing conflict among them. Competition can be defined as when two or more groups or organizations vie for the same resources. In business these “resources” could be sales, market share, contracts, employees, and ultimately, profits. In the nonprofit sector, the competition might be donations, grants, clients, volunteers, and even political influence. The Challenges of changing environment [globalization and technology] is also another one in conflict management where globalization has caused change and restructuring so that Banks operate more flexibly. There has been a rapid growth in virtual teams, with people from different backgrounds and cultures working across vast regions and time zones Volatile, fast-changing workplaces. Email and electronic communication are the most practical ways to connect, but these can be anonymous and lead to misunderstanding.

Last and the least the challenge of creating structural support for consensus processes. There are a number of consensus-building models that operate remarkably effectively, even though the rights-based structure casts a shadow over them. The current structure supports a rights-based approach to everything, but interest-based problem-solving is fundamentally different. So long as the publicly-funded mechanisms are based on rights, we are making a statement about the importance of rights as opposed to interests.

Finally, the challenge of cooperative discourse is also a challenge in conflict management. Times of transition demand a readiness to explore other ways of thinking. Each person contributes to the greater understanding. This leads to a more appreciative process. As we deal with larger group issues, it becomes more important to consider paradigms other than batting a tennis ball back and forth. People have a strong yearning to be listened to and appreciated for who they are.

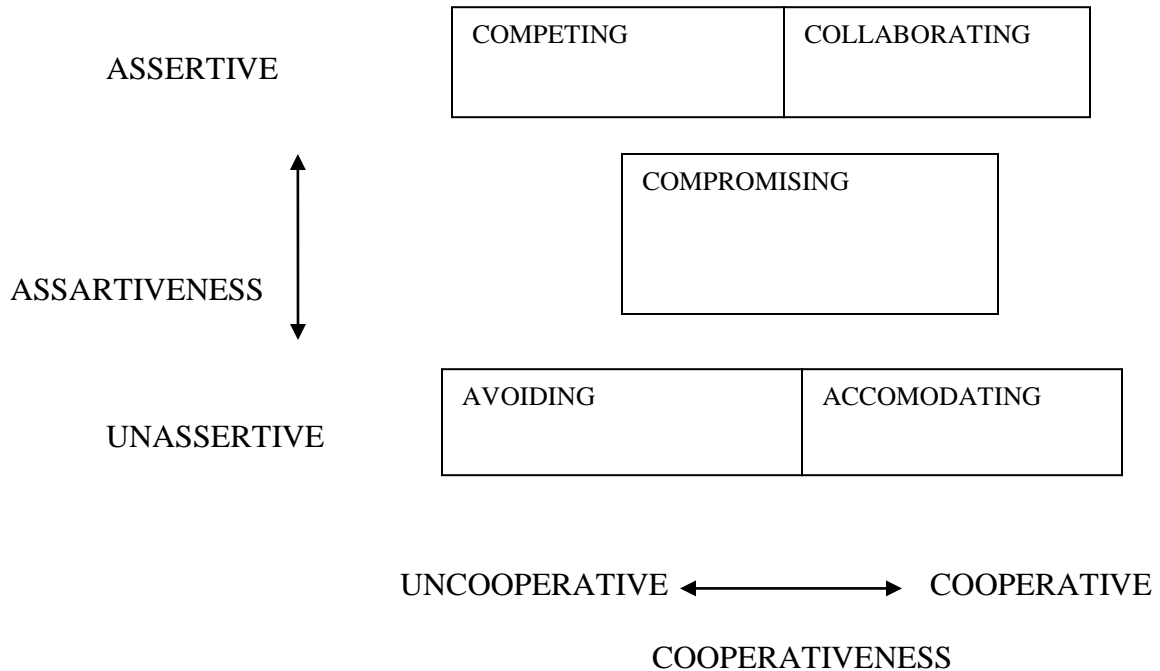
#### **2.4 Conflict management strategies**

Many communication texts make reference to strategies used by individuals (or small groups or organizations) in the management of conflict. Some include a spectrum of strategies, while others concentrate on an elaboration of a single strategy. Although some researchers have described a variety of strategies, no one makes the claim that his/her list would include all possible strategies apparent in a conflict situation. Fraser and Hipel (1984) refer to a strategy as "any set of options that can be taken by a particular player (participant). While noting that the function of conflict analysis is the enabling of participants to make better decisions, they recognize three steps in approaching conflict. First, they recommend what is referred to as modeling; that is, the considering of conflict as a whole. Second, the participant must determine all possible resolutions to the conflict. Third, particular strategies must be evolved. When people find themselves in conflict, their behavior can be described in terms of where it lies along two independent dimensions—assertiveness and cooperativeness. Assertiveness is the degree to which you try to satisfy your own concerns, and cooperativeness is the degree to which you try to satisfy the other person's concerns. The figure below shows the main choices you have in a conflict—the conflict-handling modes.



**Figure 1:** The five conflict-handling modes according to a two-dimensional model

Source: Kilmann and Thomas (1975).



Accommodating is unassertive and cooperative—the opposite of competing. It's sacrificing one's own concerns to satisfy the other person's. The accommodating strategy essentially entails giving the opposing side what it wants. The use of accommodation often occurs when one of the parties wishes to keep the peace or perceives the issue as minor. Employees who use accommodation as a primary conflict management strategy, however, may keep track and develop resentment. Avoiding is unassertive and uncooperative. Trying to sidestep or postpone the conflict, satisfying neither person's concerns. The avoidance strategy seeks to put off conflict indefinitely. By delaying or ignoring the conflict, the avoider hopes the problem resolves itself without a

confrontation. Those who actively avoid conflict frequently have low esteem or hold a position of low power.

Collaborating is assertive and cooperative. Trying to problem-solve to find a solution that completely satisfies both one's concerns and the other's. Collaboration works by integrating ideas set out by multiple people. The object is to find a creative solution acceptable to everyone. Collaboration, though useful, calls for a significant time commitment not appropriate to all conflicts. Compromising is partially assertive and partially cooperative. It's looking for an acceptable settlement that only partially satisfies both one's own and the other person's concerns. The compromising strategy typically calls for both sides of a conflict to give up elements of their position in order to establish an acceptable, if not agreeable, solution. This strategy prevails most often in conflicts where the parties hold approximately equivalent power.

Competing is assertive and uncooperative. It's trying to satisfy one's own concerns at the other's expense—to win. Competition operates as a zero-sum game, in which one side wins and other loses. Highly assertive personalities often fall back on competition as a conflict management strategy. The competitive strategy works best in a limited number of conflicts, such as emergency situations.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The chapter presents the research design and methodology of the study. In this stage, most decisions about how research was executed and how respondents were approached, as well as when, where and how the research was completed. The chapter therefore entails the way the study was designed, the data collection techniques and the data analysis procedure.

### **3.2 Research Design**

According to Parahoo (2006) the design selected for research should be the one most suited so as to achieve an answer to the proposed research question. For the purpose of the proposed research question the researcher chose to use of cross-sectional survey.

Qualitative studies allow researchers to explore behaviours, perspectives, feelings, and experiences in depth, quality and complexity of a situation through a holistic framework (Holloway and Wheeler 2002). In contrast quantitative research is a formal systematic approach which incorporates numerical data to obtain information about the world (Burns and Grove 2009), which would not be suitable to gain the information required for this study.

### **3.3 Populations of the study**

This study population is the total members of a defined class of people, objects, places or events selected because they are relevant to your research question, the population consisted of all the Commercial Banks in Kenya .These banks have their head offices situated in Nairobi though they have branch networks in other towns.

### **3.4 Data Collection**

The study largely utilized primary data. The data was collected using a questionnaire. The questionnaire consisted of both closed and open-ended questions. The questionnaire was divided into two sections. Section A sought demographic of the respondents and that of the Bank while Section B addressed aspects of conflict management strategies and Section C the challenges faced in conflict management. The questionnaire was administered on a ‘drop and pick up later’ basis.

The questionnaire was distributed among various branches of renowned banks in Kenya. Mode of dispatch included person delivery as well as through mail, Follow up visits was also under taken to get the work complete. Personal interaction with the Bank’s Managers was established as and when it deem necessary. Confidentiality of personal information was guaranteed to avoid embarrassing situation for the employee among their colleagues. By and large questions were received within stipulated time frame.

### **3.5 Data Analysis**

Descriptive statistics was used to summarize the data. These included frequencies, and percentages, which were used to determine strategies adopted by commercial banks in Kenya. For example, the strategies with the highest frequency as well as percentage were deemed as the most popularly used.

Open-ended questions will be content analyzed, and used to explain responses to closed-ended questions to which were applied. Analyzed data was presented in form of tables. The results were presented in terms of themes outlined by the objectives of the study. To perform the analysis, the questionnaires were recorded.

## CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

### 4.1 Introduction

The data from the study was summarized and presented in percentages, frequencies and tables. Out of the forty three banks which comprised the population of the study, forty completed the questionnaires.

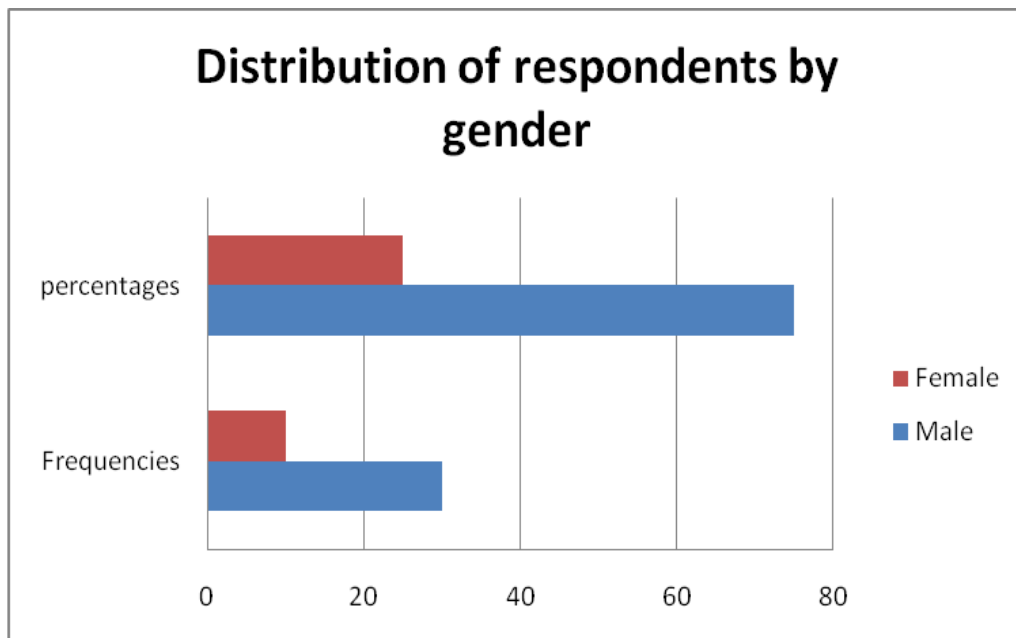
The analysis was presented as follows:

- Data on the respondents profile and the bank.
- Data on the challenges in conflict management in banks.
- Data on the strategies of managing conflict in banks.

### 4.2 Research finding

#### 4.2.1 Type of respondents

**Figure 4.1: Distribution of respondents by gender**



From Figure 4.1, it can be observed that the respondents were 75% male and 25% female. This is indicative of the male domination of the human resources function in the banking industry.

**Figure 4.2: Distribution of respondents by experience in year**

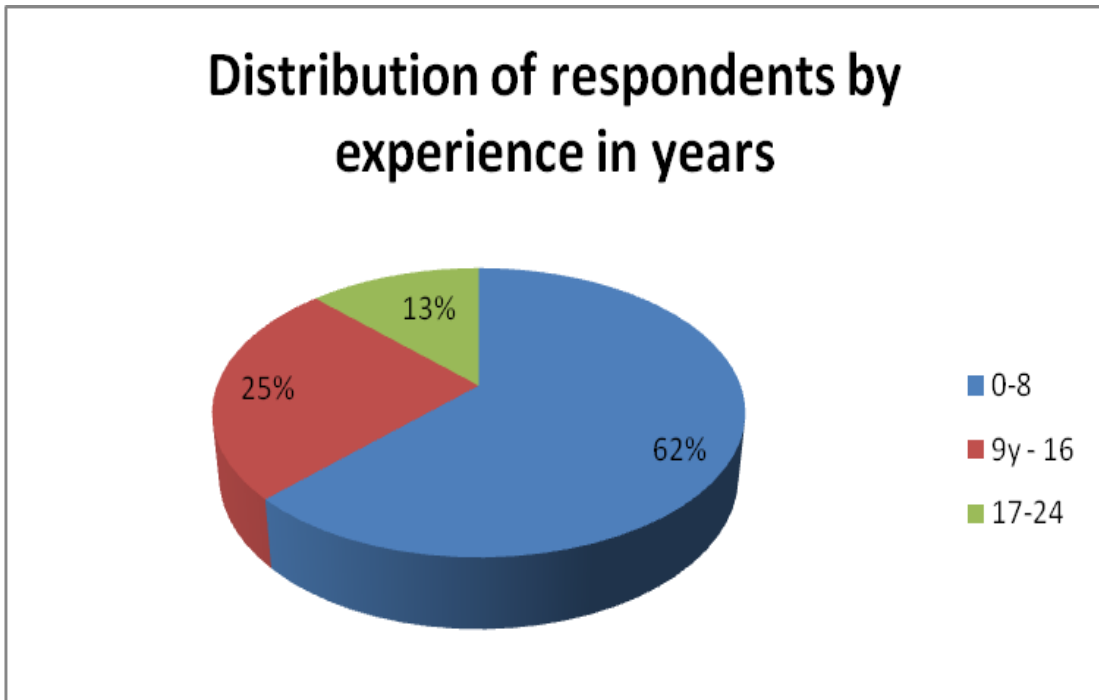
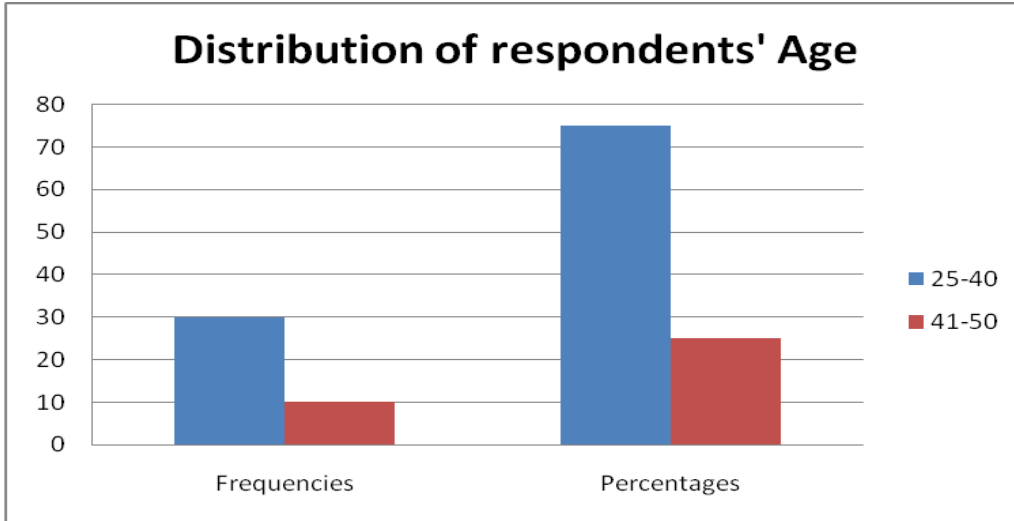


Figure 4.2, depicts that majority of the respondents studied have been working in commercial banks for a period between 0-8 years (62.5%), 9-16 years (25%), and 17-24 years (12.5%).

**Figure 4.3: Distribution of Respondents' Age**



From Figure 4.3, it can be observed that 75% of the respondents' age was between 25-40 years and 25% of the respondents' age was between 41-50 years.

#### **4.2.2. Response about the Banks**

**Figure 4.4: Distribution of Banks by Age**

The respondents were asked to indicate the number of years their banks had operated in Kenya.

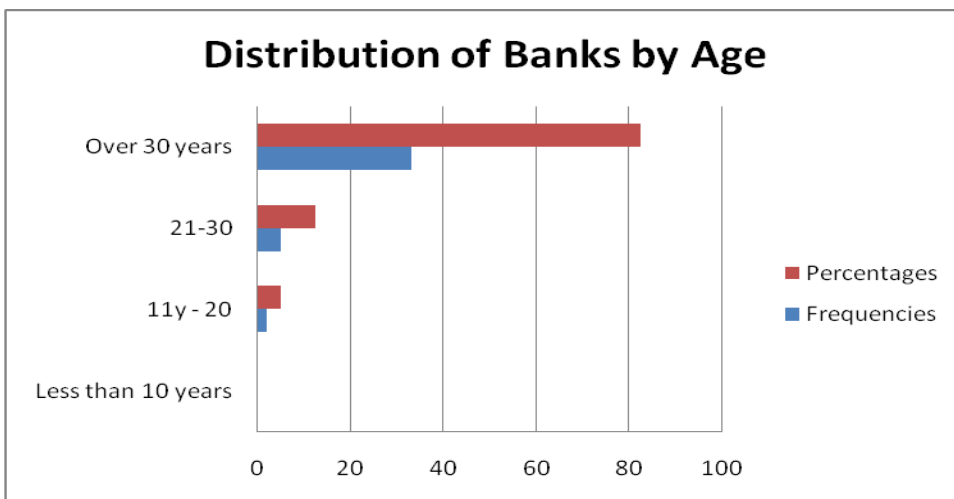
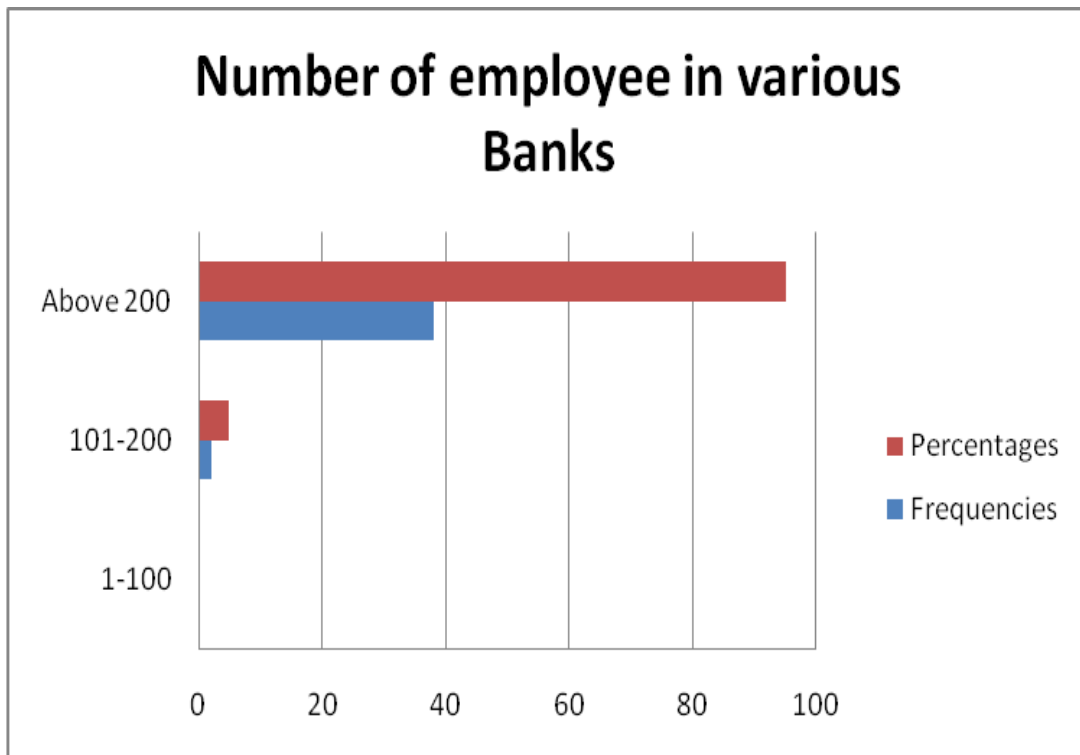




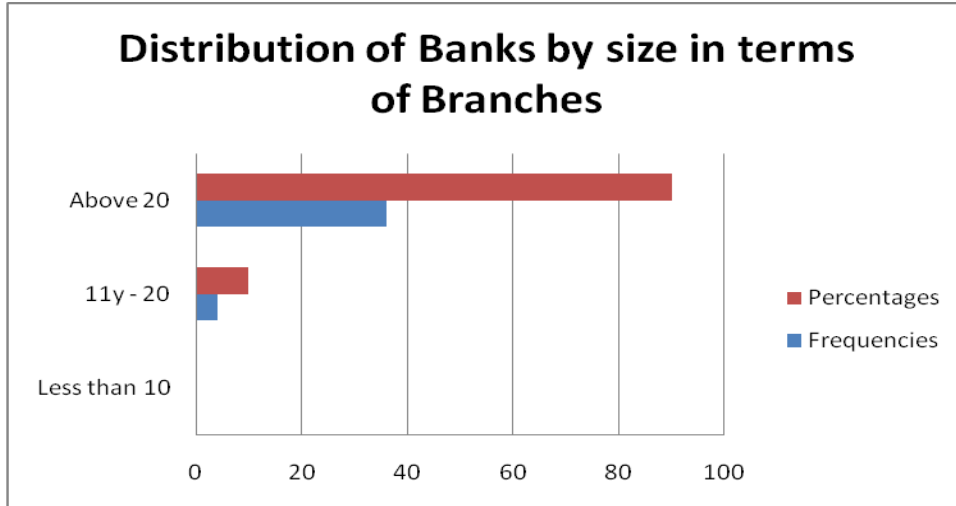
Figure 4.4, depicts that majority of the banks studied have been in existence in Kenya for over 30 years (82.3%), and (5%) between 11-20 years. The period of existence is rather long indicating that the Kenyan market must be fairly favorable and making some good returns to the shareholders. Those that existed for between 21 and 30 years were 12.5%.

**Figure 4.5: Number of employees in various banks**



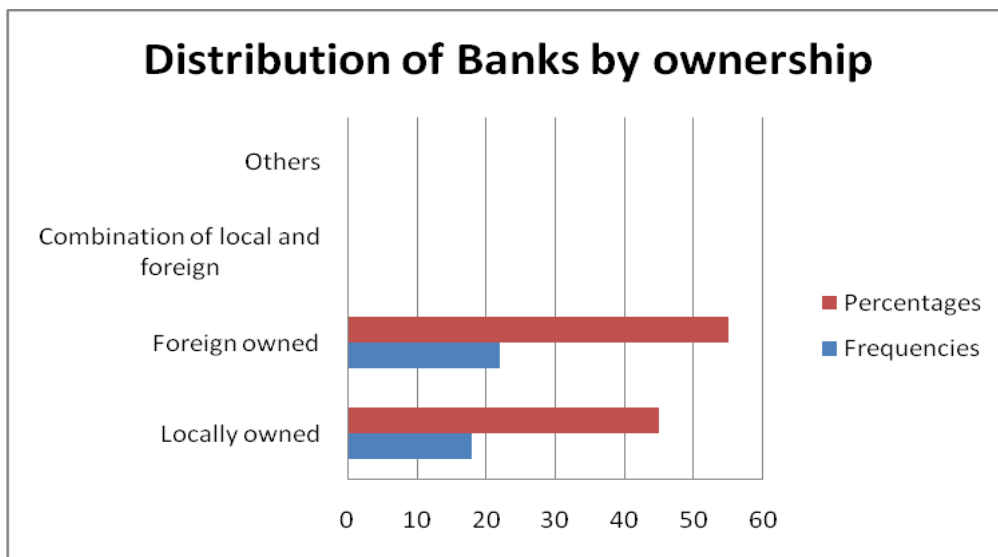
From Figure 4.5, it can be observed that majority of the commercial banks 95% of the banks have over 200 employees and 5% have between 101-200 employees.

**Figure 4.6: Distribution of Banks by size in terms of Branches**



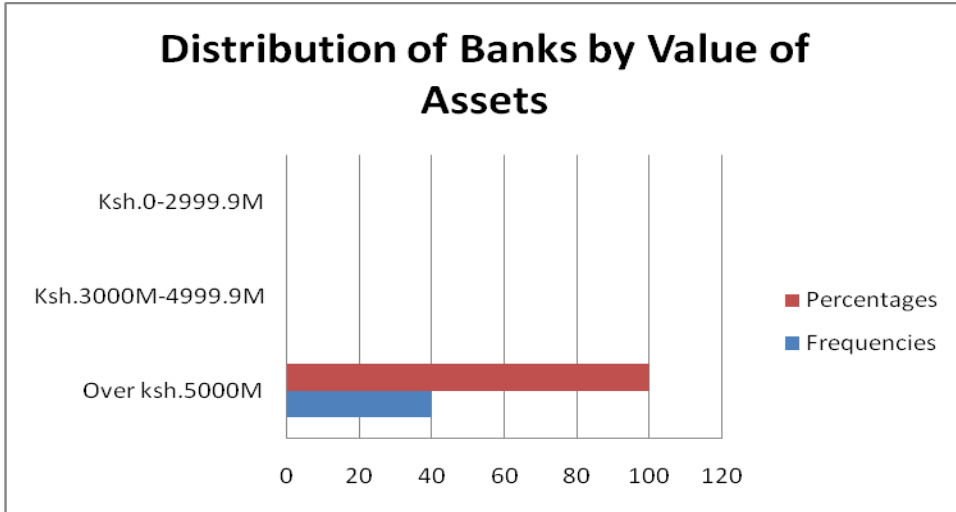
From Figure above, it can be observed that majority of the commercial banks (90%) have more than 20 branches, while 10% of the banks have 11-20 branches.

**Figure 4.7: Distribution of Banks by ownership**



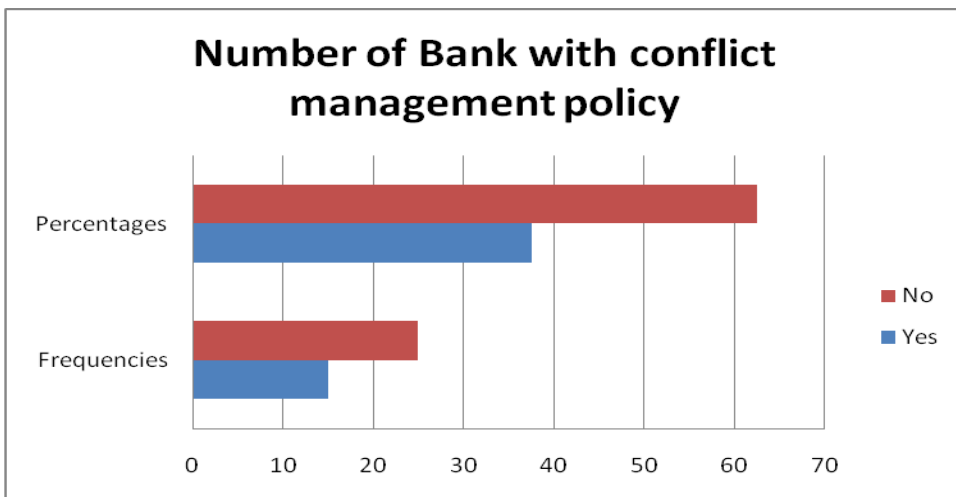
The analysis indicates that 45% of commercial banks in Kenya are locally owned and while 55% are foreign owned. These results are presented in figure above.

**Figure 4.8: Distribution of Banks Value of assets**



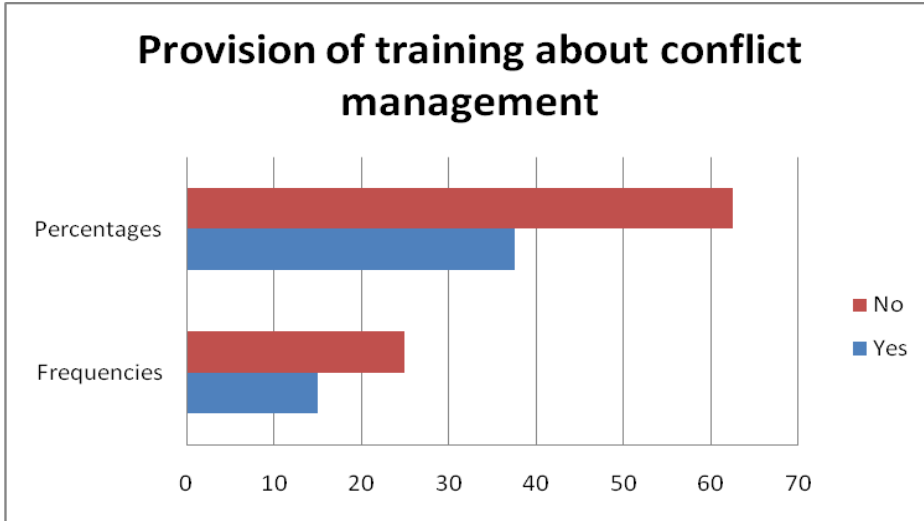
The size was determined by the value of assets owned by the banks. 100% of Banks have assets over Ksh 5000M as shown in figure above.

**Figure 4.9: Number of Banks with conflict Management**



From Figure above, it is evident that out of the total respondents, 37.5% of the banks had a conflict management policy in place, while 62.5% of the respondents did not have a conflict management policy

**Figure 4.10: Provision of training about conflict management by banks**



From Figure 4.10, 37.5% of the banks provide training on conflict management to the employees. This is healthy for the organization and employees because if this is not done, it has got far-reaching implications on the employees. However, 62.5% of the banks did not provide any training on conflict management.

#### 4.2.3 Strategies adapted by commercial banks

**Figure 4.11: Use of accommodating as a strategy of conflict management**

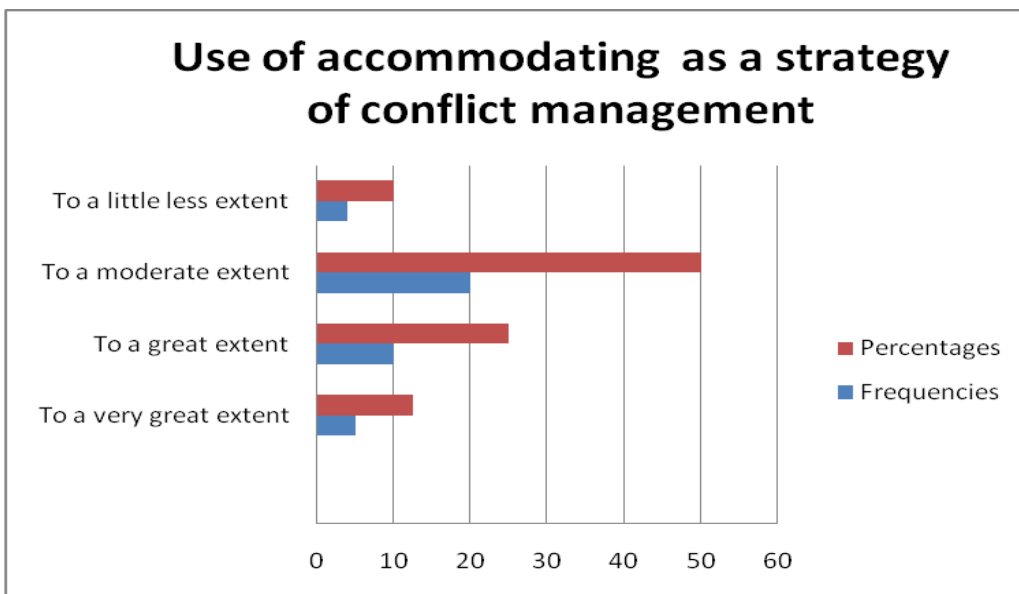
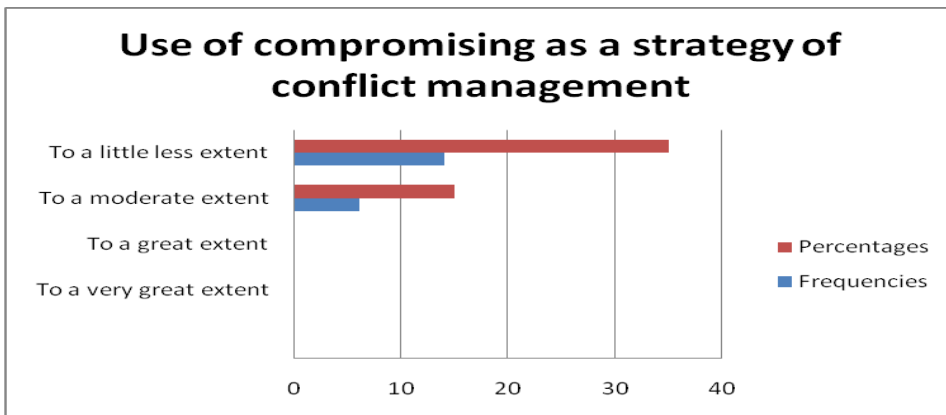


Figure 4.11 shows that 12.5% of the respondents used accommodating as a strategy for conflict to a very great extent, 25% to a great extent, 50% to a moderate extent, 10% to a less extent, and 2.5% did not use the strategy at all.

**Figure 4.12: Use of compromising as a strategy of conflict management**



As shown in Figure above, 15% of the respondents used compromising in the management of conflict to a moderate extent, 35% to a less little extent and 50% did not use the strategy at all.

**Figure 4.13: Use of competing as a strategy of conflict management**



It can be observed from the Figure above that 7.5% of the respondents used competing as a strategy for conflict management to a very great extent, 2.5% to a great extent, 17.5% to a moderate extent, 30% to a less extent, and 42.5% did not use it at all.

**Figure 4.14: Use of collaborating as a strategy of conflict management**



30% of the respondents used collaborating as a strategy to a very great extent, 45% to a great extent, 15% to a moderate extent, and 10% to a less extent. These results are presented in Figure 4.14.

**Figure 4.15: Use of avoiding as a strategy of conflict management**



From Figure 4.15, it shows that 57.5% of the respondents used avoiding as a strategy for conflict management to a very great extent, 30% to a great extent, and 12.5% to a moderate extent.

#### 4.2.4 Challenges of conflict management faced by commercial banks

**Figure 4.16: Challenge of personal differences**

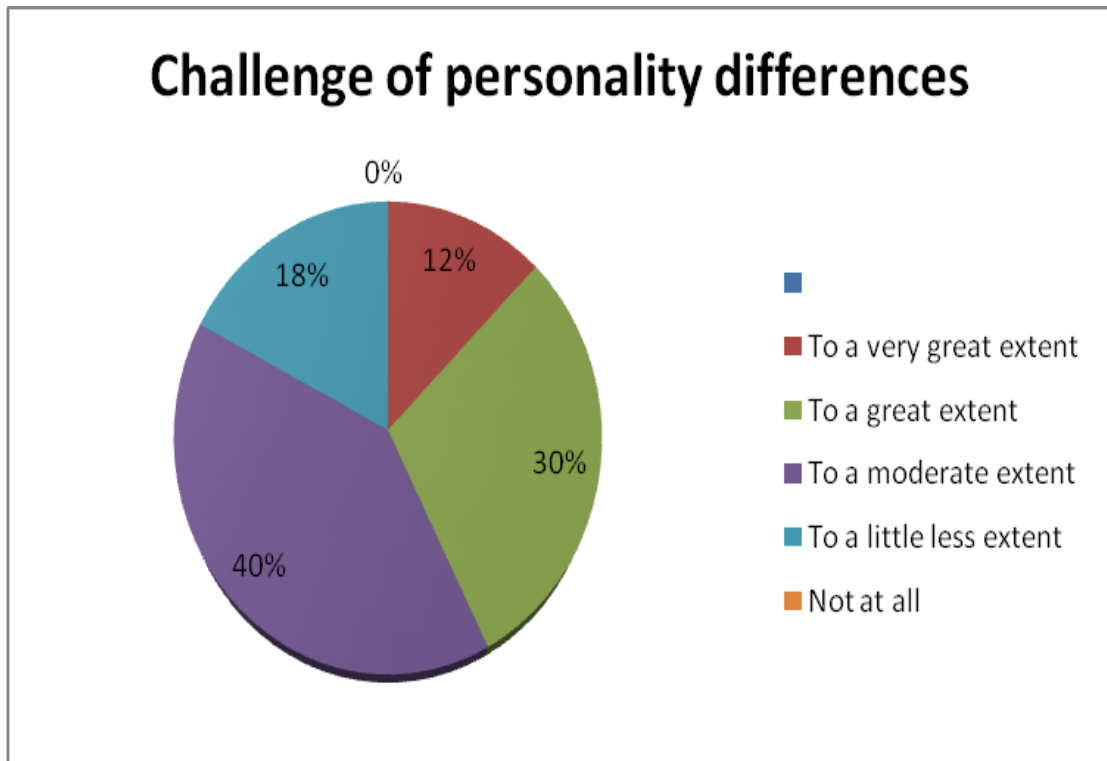
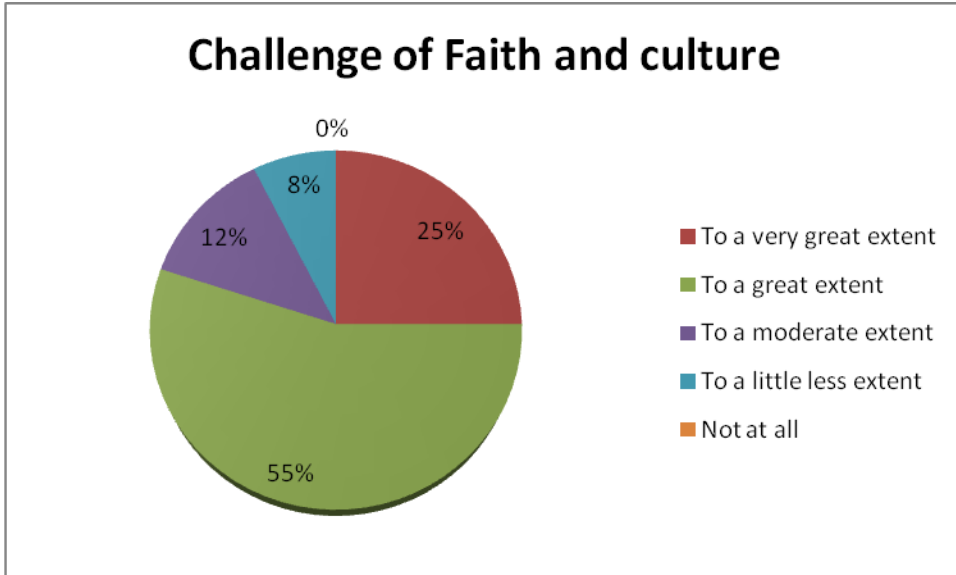


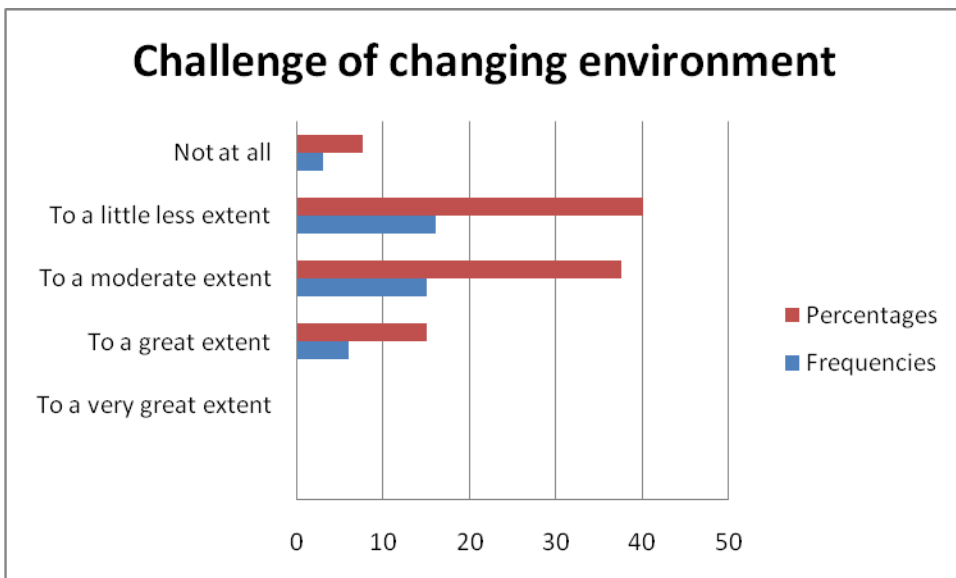
Figure 4.16 shows that 12.5% of the banks faced personal differences as a challenge in conflict management to a very great extent, 30% to a great extent, 40% to a moderate extent, and 17.5% to a little less extent.

**Figure 4.17: Challenge of Faith and Culture**



As shown in Figure 4.17, 25% of the banks faced a challenge of different faith and culture in the management of conflict to a very great extent, 55% to a great extent, 12.5% to a moderate extent and 7.5% to a less little extent

**Figure 4.18: Challenge of changing environment**





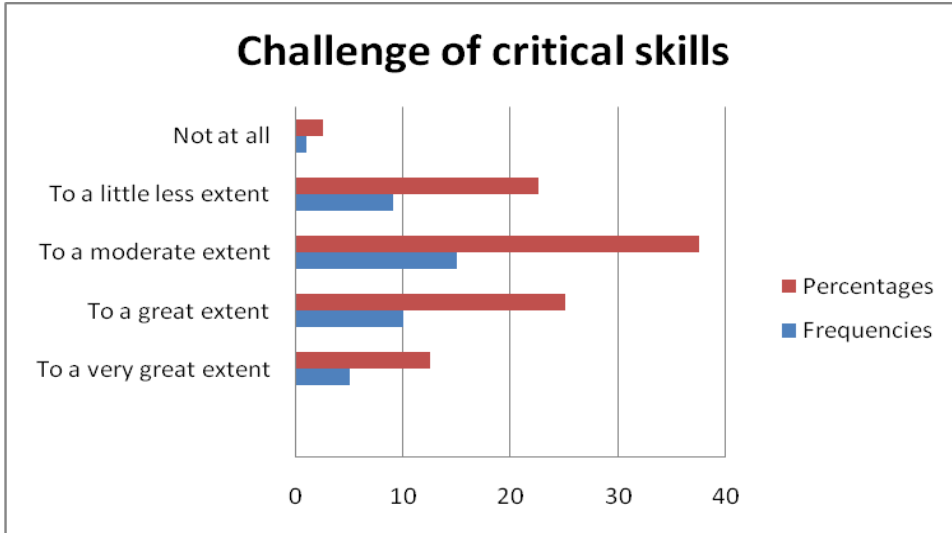
From Figure 4.18, it can be observed that 15% of the banks faced the challenge of changing environment (globalization and technology) in conflict management to a great extent, 37.5% to a moderate extent and 40% to a little less extent and 7.5% do not this challenge at all.

**Figure 4.19: Challenge of different ways of conflict management**



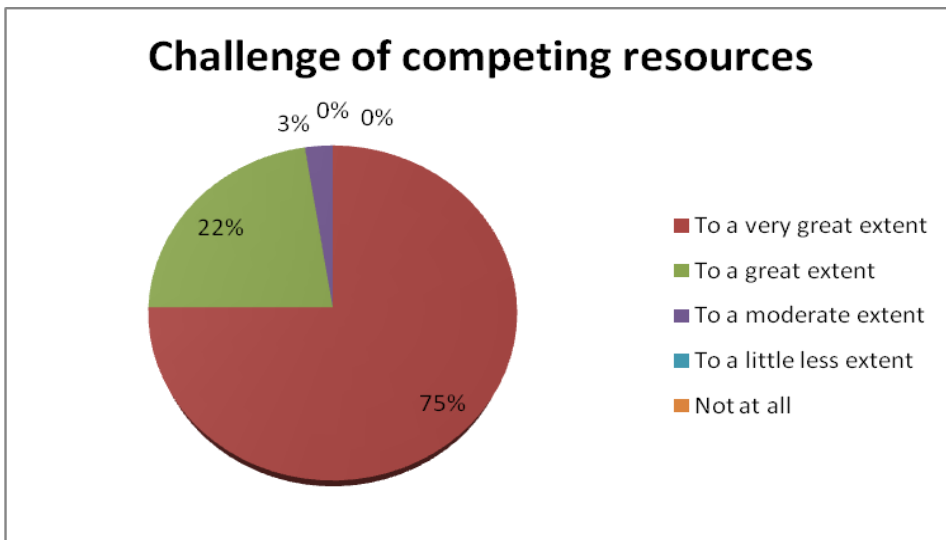
15% of the banks faced the challenge of different ways of conflict management to a great extent, 45% to a moderate extent, 27.5% to a little less extent and 12.5% not at all. These results are presented in Figure above.

**Figure 4.20: Challenge of different ways of conflict management**



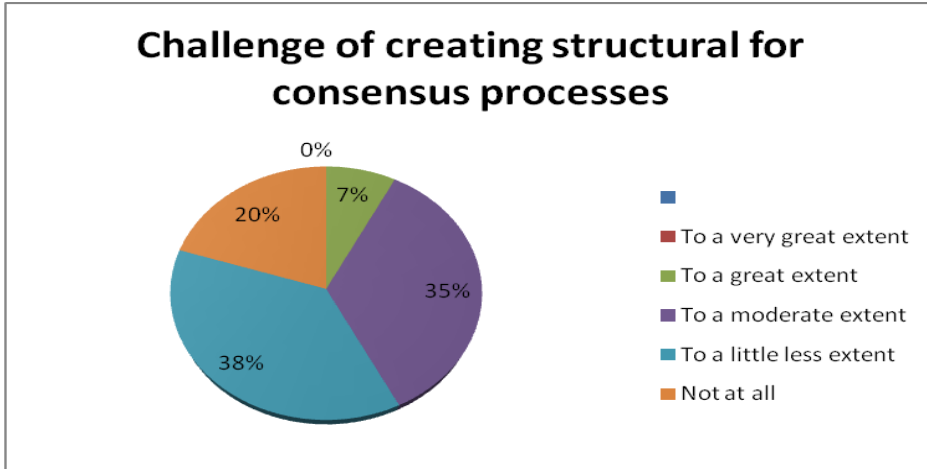
From Figure 4.20, it shows that 12.5% of the banks faced the challenge of critical skills associated with handling difficult people and situations to a very great extent, 25% to a great extent. 37.5% to a moderate extent, 22.5% to a little less extent, and 2.5% did not face such a challenge.

**Figure 4.21: Challenge of different ways of conflict management**



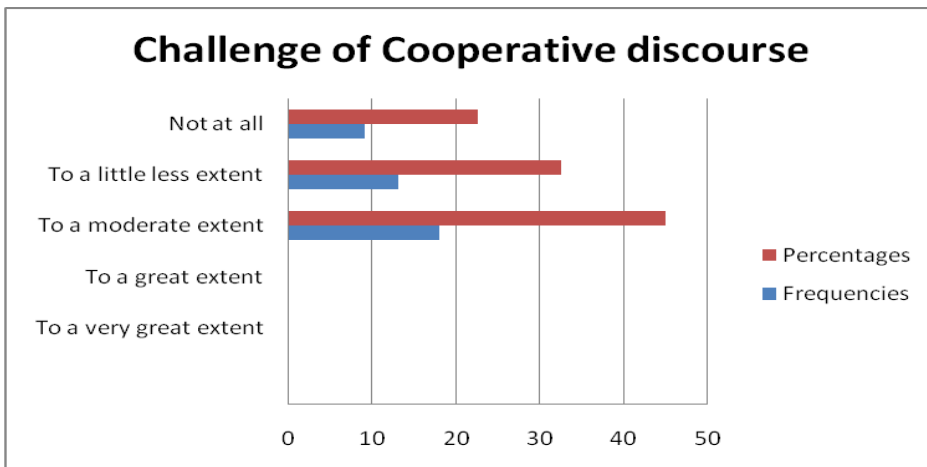
From Figure 4.21, it shows that 75% of the banks faced the challenge of competition over scarce resources to a very great extent, 22.5% to great extent, and 2.5% to a moderate extent.

**Figure 4.22: Challenge of different ways of conflict management**



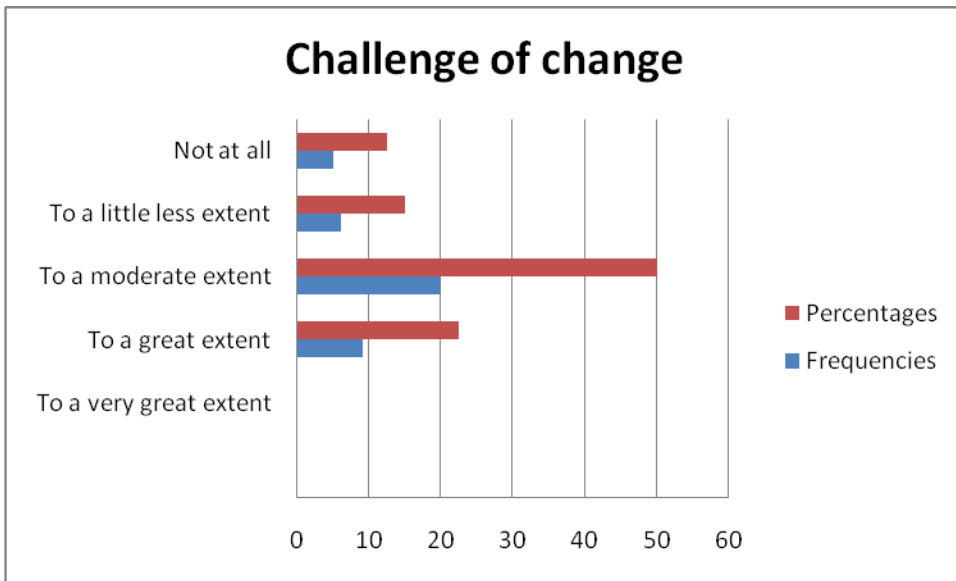
7.5% of the banks faced the challenge of creating structural for consensus processes to a great extent, 35% to a moderate extent and 37.5% to a little less extent and 20% did not face such a challenge. These results are presented in Figure above.

**Figure 4.23: Challenge of cooperative Discourse**



As shown in Figure 4.23, 45% of banks face the challenge of cooperative discourse to a moderate extent, 32.5% to a little less extent and 22.5% did not face this challenge.

**Figure 4.24: Challenge of Change**



22.5% of banks face the challenge of change to a great extent, 50% to a moderate extent, 15% to a little less extent and 12.5% did not face this at all. As shown in the figure above.

### **4.3 Discussion of the findings**

The findings of this study show that banks had various demographic characteristics and, as a result, the respondents could provide a balanced view of the subject under investigation. Furthermore, the study shows that various challenges face commercial banks in conflict management. Irrespective of these challenges, banks use various strategies of conflict management in human resource management.

From the study it is noted that the commercial banks faced the challenge of personal differences, challenge of different faith and culture, challenge of changing environment (globalization and technology), different ways of conflict management, challenge of critical skills associated with handling difficult people and situations, challenge of competition over scarce resources, the challenge of creating structural for consensus processes, challenge of cooperative discourse and the challenge of change. The challenge that was most popularly faced was competition over scarce resources followed by the challenge of different cultures and faith considering that banks employ so many employees from all sorts of life. All the banks faced all the challenges. From the study it is noted that the commercial banks used the strategies of accommodating, compromising, competing, collaborating and avoiding. The strategies that were most popularly used was avoiding and collaborating.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

### **5.1 Introduction**

This chapter summarizes the findings of the study. It also includes conclusions, limitations of the study and suggestions for future research.

### **5.2 Summary of the findings**

The first objective of the study was to determine challenges of conflict management faced by commercial banks in Kenya. The second objective was to establish conflict management strategies adopted by commercial banks in Kenya.

From the study it is noted that the commercial banks faced the challenge of personal differences, challenge of different faith and culture, challenge of changing environment (globalization and technology), different ways of conflict management, challenge of critical skills associated with handling difficult people and situations, challenge of competition over scarce resources, the challenge of creating structural for consensus processes, challenge of cooperative discourse and the challenge of change. The challenge that was most popularly faced was competition over scarce resources followed by the challenge of different cultures and faith considering that banks employ so many employees from all sorts of life. All the banks faced all the challenges. From the study it is noted that the commercial banks used the strategies of accommodating, compromising, competing, collaborating and avoiding. The strategies that were most popularly used was avoiding and collaborating.

### **5.3 Conclusions of the study**

From the study it is noted that the commercial banks faced the challenge of personal differences, challenge of different faith and culture, challenge of changing environment (globalization and technology), different ways of conflict management, challenge of critical skills associated with handling difficult people and situations, challenge of competition over scarce resources, the challenge of creating structural for consensus processes, challenge of cooperative discourse and the challenge of change. The challenge that was most popularly faced was competition over scarce resources. All the banks faced all the challenges. From the study it is noted that the commercial banks used the strategies of accommodating, compromising, competing, collaborating and avoiding. The strategies that were most popularly used were avoiding and collaborating. It is advisable for commercial banks to use a combination of two or more strategies so that objectivity is observed. The findings of the study also point to the fact that similar strategies are used by banks irrespective of their age, ownership and size.

### **5.4 Recommendations of the study**

The management of the commercial banks in Kenya should take bold step on trainings on conflict management to have the knowledge of managing conflict. They should also ensure that all the employees are having enough knowledge on conflict management by having frequent in-house training.

The commercial banks should embrace the fact that workers come from different backgrounds, faith and different cultures and therefore Banks would be able to

understand each employee behavior and know how to deal with them in case of any conflict between employee or with the customers around. The management should ensure that the competition for resources is minimal. Increasing more resources in Banks like for instances enough computers and providing in-house training to their employees on new technological.

The management of the commercial banks in Kenya should also ensure that they are clear conflict management policies that govern the employees in the Banks and have clear strategy that manage conflict. Carry out frequent research so as to understand what other banks and other organizations do in case of conflicts. Through research, they will be able to consumer behavior and hence adopt to a certain strategy that will be able to address the conflict management between employees and customers.

## **5.5 Limitations of the study**

The researcher faced the following limitations:

The response rate was not as high as expected because some would-be respondents failed to return their questionnaires, while others declined to be involved in the study claiming that there is no time to fill in the questionnaires implying that they are busy.

Out of the forty-three questionnaires that were distributed, only forty were collected. The contents of the study would have been richer if a larger number of respondents were involved. The response rate was too low to allow for the use of statistical tests.



## **5.6 Recommendations for further research**

A similar study can be conducted in another industry to check whether there is similarity in the challenges faced in conflict management.

A study can also be done to establish the strategies adopted by another industry to check whether there could be similarity too to those of my finding in the commercial banks.

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## APPENDICES

### Appendix A: List of tables

**Table 1: Distribution of respondents by gender**

<b>Gender</b>	<b>Frequencies</b>	<b>percentages</b>
Male	30	75
Female	10	25
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 2: Distribution of respondents' by experience in years**

<b>Experience in years</b>	<b>Frequencies</b>	<b>Percentages</b>
0-8	25	62.5
9y - 16	10	25
17-24	5	12.5
Over 24	-	-
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 3: Distribution of respondents' age**

<b>Age</b>	<b>Frequencies</b>	<b>Percentages</b>	
25-40	30	75	
41-50	10	25	
Over 54	-	-	
<b>Totals</b>	<b>40</b>	<b>100</b>	

**Table 4: Distribution of banks by age**

<b>Period of experience in years</b>	<b>Frequencies</b>	<b>Percentages</b>
Less than 10 years	0	0
11y - 20	2	5
21-30	5	12.5
Over 30 years	33	82.5
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 5: Number of employee in varioubanks**

<b>No. of employees</b>	<b>Frequencies</b>	<b>Percentages</b>
1-100	0	0
101-200	2	5
Above 200	38	95
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 6: Distribution of banks by size in terms of branches**

Branches	Frequencies	Percentages
Less than 10	0	0
11y - 20	4	10
Above 20	36	90
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 7: Distribution of banks by ownership**

Ownership	Frequencies	Percentages
Locally owned	18	45
Foreign owned	22	55
Combination of local and foreign	0	0
Others	0	0
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 8: Distribution of banks by value of asset**

<b>Value of assets</b>	<b>Frequencies</b>	<b>Percentages</b>
Over ksh.5000M	40	100
Ksh.3000M-4999.9M	0	0
Ksh.0-2999.9M	0	0
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 9: Number of banks with conflict management policy**

<b>Conflict management policy</b>	<b>Frequencies</b>	<b>Percentages</b>
Yes	15	37.5
No	25	62.5
<b>Totals</b>	<b>40</b>	<b>100</b>



**Table 10: Provision of training about conflict management by bank**

<b>Training</b>	<b>Frequencies</b>	<b>Percentages</b>
Yes	15	37.5
No	25	62.5
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 11: Extent of use of accommodating as a strategy of conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	5	12.5
To a great extent	10	25
To a moderate extent	20	50
To a little less extent	4	10
Not at all	1	2.5
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 12: Extent of use of compromising as a strategy of conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	0	0
To a great extent	0	0
To a moderate extent	6	15
To a little less extent	14	35
Not at all	20	50
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 13: Extent of use of competing as a strategy of conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	3	7.5
To a great extent	1	2.5
To a moderate extent	7	17.5
To a little less extent	12	30
Not at all	17	42.5
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 14: Extent of use of collaborating as a strategy of conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	12	30
To a great extent	18	45
To a moderate extent	6	15
To a little less extent	4	10
Not at all	0	0
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 15: Extent of use of avoiding as a strategy of conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	23	57.5
To a great extent	12	30
To a moderate extent	5	12.5
To a little less extent	0	0
Not at all	0	0
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 16: Extent of facing challenge of personality differences in conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	5	12.5
To a great extent	12	30
To a moderate extent	16	40
To a little less extent	7	17.5
Not at all	0	0
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 17: Extent of facing challenge of different faith and culture in conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	10	25
To a great extent	22	55
To a moderate extent	5	12.5
To a little less extent	3	7.5
Not at all	0	0
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 18: Extent of facing challenge of changing environment (globalization and technology) in conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	0	0
To a great extent	6	15
To a moderate extent	15	37.5
To a little less extent	16	40
Not at all	3	7.5
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 19: Extent of facing challenge of different ways of conflict management in conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	0	0
To a great extent	6	15
To a moderate extent	18	45
To a little less extent	11	27.5
Not at all	5	12.5
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 20: Extent of facing challenge of critical skills associated with handling difficult people and situation in conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	5	12.5
To a great extent	10	25
To a moderate extent	15	37.5
To a little less extent	9	22.5
Not at all	1	2.5
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 21: Extent of facing challenge of competing over resources in conflict**

**Management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	30	75
To a great extent	9	22.5
To a moderate extent	1	2.5
To a little less extent	0	0
Not at all	0	0
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 22: Extent of facing challenge of creating structural for consensus processes in conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	0	0
To a great extent	3	7.5
To a moderate extent	14	35
To a little less extent	15	37.5
Not at all	8	20
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 23: Extent of facing challenge of cooperative discourse in conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	0	0
To a great extent	0	0
To a moderate extent	18	45
To a little less extent	13	32.5
Not at all	9	22.5
<b>Totals</b>	<b>40</b>	<b>100</b>

**Table 24: Extent of facing challenge of change in conflict management**

<b>Response</b>	<b>Frequencies</b>	<b>Percentages</b>
To a very great extent	0	0
To a great extent	9	22.5
To a moderate extent	20	50
To a little less extent	6	15
Not at all	5	12.5
<b>Totals</b>	<b>40</b>	<b>100</b>



## Appendix B: Questionnaire

Please answer the following questions by ticking [] in the appropriate bracket or by giving the necessary details in the spaces provided.

### SECTION A

#### Part I: Demographic characteristics of respondents

Age (Years)	25-40 [ <input type="checkbox"/> ] 41-50 [ <input type="checkbox"/> ] Over 54 [ <input type="checkbox"/> ]
Sex	Male [ <input type="checkbox"/> ] Female [ <input type="checkbox"/> ]
Work experience at the Bank(Years)	0-8 [ <input type="checkbox"/> ] 9-16 [ <input type="checkbox"/> ] 17-24 [ <input type="checkbox"/> ] Over 24 [ <input type="checkbox"/> ]
Have you taken any courses which involved conflict management as a topic	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] Name these courses

**Part II: Demographic characteristics of Bank.**

Name of the Bank	
For how long has the Bank been into existent	Less than 10years[ <input type="checkbox"/> ] 11-20 years [ <input type="checkbox"/> ] 21-30 years [ <input type="checkbox"/> ] Over 30 years [ <input type="checkbox"/> ]
For how long has the Bank operated in Kenya	Less than 10years[ <input type="checkbox"/> ] 11-20 years [ <input type="checkbox"/> ] 21-30 years [ <input type="checkbox"/> ] Over 30 years [ <input type="checkbox"/> ]
Size in terms of branches	Less than 10 [ <input type="checkbox"/> ] 11-20 [ <input type="checkbox"/> ] Above 20 [ <input type="checkbox"/> ]
Size in terms of employees	1-100 [ <input type="checkbox"/> ] 101-200 [ <input type="checkbox"/> ] Above 200 [ <input type="checkbox"/> ]
How would you classify you bank in terms of ownership	Locally owned [ <input type="checkbox"/> ] Foreign owned [ <input type="checkbox"/> ] Combination of local and foreign [ <input type="checkbox"/> ] Others [ <input type="checkbox"/> ] specify
How would you rate your bank according to the value of assets	Assets over ksh 5000M [ <input type="checkbox"/> ] Assets between ksh.3000M and ksh.

	4999.9M [ <input type="checkbox"/> ] Assets between ksh 0 and ksh.2999.9M [ <input type="checkbox"/> ]
Do your Bank have conflict management policy	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ]
Does your Bank offer some training to employee about conflict management?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] If yes, what do they include?

## SECTION B

**To what extent do you face the following challenges in conflict management**

<b>Challenges</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Personality differences					
Different faith and Culture					
Challenges of changing environment(globalization and technology)					
Different ways of conflict management					
Critical skills associated with handling difficult people and situations					
Competition over scarce resources					

The challenge of creating structural for consensus processes					
The challenges cooperative discourse					
The challenge of change					

**Items are answered on 5 – point scale (1=not at all, 2= to a little less extent, 3= to a moderate extent, 4= to a great extent and 5= to a very great extent).**

## SECTION C

**To what extent do you apply each of the following strategies to manage conflict in your Bank**

<b>Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<p><b>Accommodating</b></p> <ol style="list-style-type: none"> <li>1. we give in to the wishes of the other party</li> <li>2. we concur with the other party</li> <li>3. we try to accommodate the other party</li> <li>4. we adopt to the other parties goals and interest</li> </ol>					
<p><b>Compromising</b></p> <ol style="list-style-type: none"> <li>1. we try to realize a middle of the road solution</li> <li>2. we emphasize that we have to find a compromise solution</li> <li>3. we insist that we both give a little</li> <li>4. we strive whenever possible towards a fifty-fifty compromise</li> </ol>					
<p><b>Competing</b></p> <ol style="list-style-type: none"> <li>1. we push our own point of view</li> <li>2. we search for gains</li> <li>3. we fight for a good outcome for myself</li> <li>4. we do everything to win</li> </ol>					

<p><b>Collaborating</b></p> <ol style="list-style-type: none"> <li>1. we examine issues until we find a solution that really satisfies him/her and the other party</li> <li>2. we stand for his/her own and other's goal and interests</li> <li>3. we examine ideas from both sides to find a mutually optimal solution</li> <li>4. we work out a solution that serves his/her own as well as other's interest as possible</li> </ol>					
<p><b>Avoiding</b></p> <ol style="list-style-type: none"> <li>1. we avoid a confrontation about their differences</li> <li>2. we avoid differences of opinion as much as possible</li> <li>3. we try to make differences loom less severe</li> <li>4. we try to avoid a confrontation with other</li> </ol>					

**Items are answered on 5 – point scale (1=not at all, 2= to a little less extent, 3= to a moderate extent, 4= to a great extent and 5= to a very great extent).**

**Appendix C: This is a list of notable commercial banks in Kenya**

Licensed commercial banks

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank
6. Brighton Kalekye Bank
7. CFC Stanbic Bank
8. Chase Bank (Kenya)
9. Citibank
10. Commercial Bank of Africa
11. Consolidated Bank of Kenya
12. Cooperative Bank of Kenya
13. Credit Bank
14. Development Bank of Kenya
15. Diamond Trust Bank
16. Dubai Bank Kenya
17. Ecobank
18. Equatorial Commercial Bank
19. Equity Bank
20. Family Bank
21. Fidelity Commercial Bank Limited
22. Fina Bank
23. First Community Bank
24. Giro Commercial Bank
25. Guardian Bank
26. Gulf African Bank
27. Habib Bank
28. Habib Bank AG Zurich
29. I&M Bank
30. Imperial Bank Kenya
31. Jamii Bora Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank Kenya
35. National Bank of Kenya
36. NIC Bank
37. Oriental Commercial Bank
38. Paramount Universal Bank
39. Prime Bank (Kenya)
40. Standard Chartered Kenya
41. Trans National Bank Kenya
42. United Bank for Africa<sup>[2]</sup>
43. Victoria Commercial Bank